

and operations in an aggregate amount of up to \$12.5 billion at any one time outstanding, during the Authorization Period.²⁷ The \$12.5 billion represents approximately 420% of the ScottishPower system's consolidated retained earnings. As of September 30, 2003, 100% of the ScottishPower system consolidated retained earnings on a U.S. GAAP basis was \$3.14 billion.²⁸

²⁷ As noted above, most of ScottishPower's FUCO investments are held through SPUK Holdings.

²⁸ Converting at £1.00: \$1.661, the closing exchange rate at September 30, 2003.

F. Tax Allocation Agreement

The Applicants ask the Commission to approve an amended agreement for the allocation of consolidated tax among PHI, PacifiCorp and the PHI Nonutility Subsidiary Companies ("Tax Allocation Agreement").

The proposed Tax Allocation Agreement requires approval because it now provides for cash payment to certain associate companies and provides for the retention by the U.S. parent of the U.S. tax filing group of certain tax attributes resulting from payments it has made, rather than the allocation of these losses to the subsidiaries in the U.S. tax filing group without compensation. PHI seeks to retain only the benefits of tax losses that have been generated by it in connection with the merger of ScottishPower with PacifiCorp. As a result of the merger with PacifiCorp, PHI now generates tax benefits from the interest expense on the acquisition-related debt that is non-recourse to PacifiCorp and is unrelated to the financing of operations.

VIII. Service Company Approvals

PacifiCorp has been providing administrative, management, technical, legal and other support services to its subsidiaries for many years. In addition, there have been occasions when subsidiaries of PacifiCorp have provided services to PacifiCorp or to other PHI Nonutility Subsidiary Companies. PacifiCorp now proposes to continue these arrangements, with PacifiCorp providing services to the PHI Nonutility Subsidiary Companies and other associate companies in the holding company system pursuant to rule 87 under the Act. PHI Nonutility Subsidiary Companies propose to provide services to PacifiCorp pursuant to section 13(b). All service transactions, as explained above, will be priced at cost in accordance with section 13 of the Act and the rules under the Act. In the event that the market rate of the services is less than cost, neither

PacifiCorp nor the PHI Nonutility Subsidiary Companies will provide such services. PacifiCorp also proposes to engage in service activities with SPUK and certain members of the SPUK Holdings Group.

In addition, SPUK or another member of the SPUK Holdings Group proposes to perform services for PacifiCorp and the PHI Nonutility Subsidiary Companies. All service transactions will be priced at cost in accordance with section 13 of the Act and the rules thereunder.

PacifiCorp and the PHI Nonutility Subsidiary Companies request authorization under section 13(b) of the Act to provide services and sell goods to its members and the SPUK Holdings Group at fair market prices determined without regard to cost, and request an exemption under section 13(b) from the cost standards of rules 90 and 91 as applicable to these transactions, in any case in which the non-utility subsidiary purchasing these goods or services is:

(i) A FUCO or foreign EWG which derives no part of its income, directly or indirectly, from the generation, transmission, or distribution of electric energy for sale within the United States;

(ii) An EWG which sells electricity at market-based rates which have been approved by the FERC, provided that the purchaser is not PacifiCorp;

(iii) A QF that sells electricity exclusively (a) at rates negotiated at arms' length to one or more industrial or commercial customers purchasing the electricity for their own use and not for resale, and/or (b) to an electric utility company at the purchaser's "avoided cost" as determined in accordance with PURPA regulations;

(iv) A domestic EWG or QF that sells electricity at rates based upon its cost of service, as approved by FERC or any state public utility commission having jurisdiction, provided that the purchaser is not PacifiCorp; or

(v) A Rule 58 Company or any other non-utility subsidiary that (a) is partially owned by a member of the PHI Nonutility Subsidiary Companies or the SPUK Holdings Group, provided that the ultimate purchaser of such goods or services is not PacifiCorp, (b) is engaged solely in the business of developing, owning, operating and/or providing services or goods to the nonutility subsidiaries described in clauses (i) through (iv) immediately above, or (c) does not derive, directly or indirectly, any material part of its income from sources within the United States and is not a public-utility company operating within the United States.

For the Commission by the Division of Investment Management, pursuant to delegated authority.

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 04-5587 Filed 3-11-04; 8:45 am]

BILLING CODE 8010-01-U

SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

Verdisys, Inc.; Order of Suspension of Trading

March 10, 2004.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Verdisys, Inc. ("Verdisys") because of questions regarding the accuracy and adequacy of assertions by Verdisys, and by others, in periodic and current filings and press releases to investors, concerning, among other things: (1) The company's business operations related to its lateral drilling services; and (2) the company's anticipated and actual revenues.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in securities related to the above company.

Therefore, it is ordered, pursuant to section 12(k) of the Securities Exchange Act of 1934, that trading in all securities, as defined in section 3(a)(10) of the Securities Exchange Act of 1934, issued by the above company, is suspended for the period from 9:30 a.m. e.s.t. on Wednesday, March 10, 2004, and terminating at 11:59 p.m. e.s.t. on Tuesday, March 23, 2004.

By the Commission.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 04-5783 Filed 3-10-04; 2:49 pm]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-49371; File No. SR-Amex-2004-12]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the American Stock Exchange LLC Relating to Audit Committee Meeting Requirements Applicable to Registered Closed-End Management Investment Companies

March 5, 2004.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 13, 2004, the American Stock Exchange LLC ("Amex" or "Exchange") filed with the Securities and Exchange Commission ("Commission" or "SEC")

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.